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S-5715

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CIA/OER \S-05715-73

25X1 [redacted]

28 November 1973

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MEMORANDUM FOR: Mr. Charles Barry
Agency for International Development
Department of State [redacted]

SUBJECT : Current POL Situation in Israel and Jordan

[redacted] 25X1

1. Attached is the data you requested for the current petroleum situation in Israel and Jordan. As you will notice, we were unable to break out military and civilian sector use. During the war the Israeli military POL requirement was probably somewhere between 20% and 50% of the total consumption. This rough estimate was based on two methodologies; the lower figure was derived from aircraft types, sortie levels, and tank inventories engaged in combat, while the higher one was derived from US military planning methodologies. Military usage estimates were not made for Jordan.

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2. If you have any further questions, please feel free to call [redacted]

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[redacted]

Chief, Near East/Africa Branch
Developing Nations Division
Office of Economic Research

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Attachment:
As stated above

[redacted]

Distribution: (S-Project 5715)
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OER/D/NE: [redacted] (28 November 1973)

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Current POL Situation

1. Country: Israel

2. Consumption: (tons)

	Actual CY 1972	Est. CY 1973	Est. CY 1974
Total	5,850,000	6,300,000	6,900,000
Mo Gas	810,000	885,000	975,000
Light Diesel fuel	450,000	472,000	512,000
Industrial Diesel	1,095,000	1,180,000	1,280,000
Fuel oil	2,464,000	2,655,000	2,880,000
Kerosene/Jet fuel	657,000	708,000	753,000
Crude oil	374,000	400,000	500,000

3. Dollar Value: (million U.S. $)

	Actual CY 1972	Est. CY 1973
Crude oil	$95 million	$112 million
Refined Products	---	---

4. Source of Financing: (million U.S. $) — No outside financing used. Israel runs its own petroleum operation, including Israeli tankers.

5. Country of Origin:

	CY 1972		Est. CY 1973	
Sinai	2.5 million tons	$32 million	2.5 million tons	$32 m.
Iran	2.6 million tons	$63 million	3.8 million tons	$80 m.
Other (Gabon and Nigeria)	0.7 million tons			

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6. Pipeline: (under contract or L/C,
(Tons) not yet delivered)

Only imports crude — 525,000 tons afloat or contracted

7. Stocks:
(Tons)

	Current (as of 1 October 1973)
Mo Gas	73,500
Diesel fuel (Light)	105,000
Industrial Diesel	231,000
Fuel Oil	36,750
Kerosene/Jet fuel	57,750
Crude oil	1,312,000

8. Landed Cost Price:
(per ton - U.S. $)

	End 1972	Current (as of 1 October 1973)
Crude:		
Sinai	12,80	12.80
Iran and Other	19.00	21.00

9. Retail Prices:
(per gallon)

	End 1972 local currency	End 1972 equivalent U.S. $	Current (as of November 1973) local currency	Current (as of November 1973) equivalent U.S.
Av Gas	NA	NA	Israel has announced a 30% price increase in petroleum production in line with higher posted crude oil prices announced by the OPEC countries.	
Mo Gas	6.20	.60		
Auto Diesel	NA	NA		
Industrial Diesel	NA	NA		
Fuel Oil	27.60	6.57		
Kerosene	2.31	.55		
Motor Lubricating Oil	3.17	.75		

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10. a) <u>What actions are being taken to reduce POL requirements?</u>

The government has announced voluntary restrictions on non-essential vehicle uses and a curtailment of Sunday driving. Speed limits have not been reduced although they will be more rigidly enforced. Electric-power quotas are being introduced for domestic, commercial, and public consumption and rates will be increased steeply for consumption that exceeds the established quotas. The Minister of Communications has said that these restrictions were intended largely as a show of solidarity with those countries being boycotted by the Arabs. The total reduction in petroleum consumption resulting from the conservation measures would be about 5,000 barrels per day or less than 5% of annual consumption.

We see no evidence of noticeable shortages of petroleum supplies in Israel. Israel's domestic consumption of petroleum has been running an estimated 15% below the normal rate of 130,000 barrels per day due to under-utilization of vehicles and reduced industrial activity. During the war military requirements for petroleum products took between 20% and 50% of the normal daily consumption for the country as a whole. Since the cease fire such military requirements would be something less than 20%.

Israel has not received any shipments of crude oil since the Red Sea blockade was imposed at the beginning of the war. Israeli oil production from the Sinai -- about 100,000 barrels per day under normal conditions -- is not regularly refined in Israel because the refineries cannot take it along with imported Iranian crude. [redacted] 25X1
25X1 [redacted] Sinai crude is being refined in country. When production from these fields is returned to normal from the low wartime levels of about 50,000 barrels per day, most of Israel's domestic crude requirements could be satisfied from Sinai production.

b) <u>If shortages occur, what is the area (or areas) most severely effected?</u>

Shortages are not likely to occur in the immediate future as long as crude from the Sinai is available and the refineries are operable. If shortages should occur, further restrictions would be imposed first on the use of automobiles and nonessential electric power uses.

c) Financing problems.

The Israeli government finances its own petroleum operations. The government contracts directly for foreign crude imports -- mostly from Iran -- and operated a tanker fleet to transport the petroleum. Although exports of petroleum have been cut off since October 6, financing of petroleum imports should not become a problem. Foreign exchange reserves are currently in excess of $1.7 billion.

d) Refinery capacity in country, if any.

Israel has two refineries: the Haifa refinery complex with a capacity of 148,000 barrels per day and the Ashdad refinery with capacity of 70,000 barrels per day. The combined capacities represent 150% of normal consumption. These refineries process all the products needed for both military and civilian use.

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Current POL Situation

1. Country: Jordan

	Actual CY 1972	Estimated CY 1973	Estimated CY 1974
2. Consumption: (metric tons)			
Total	700,000	800,000	930,000
Propane gas	20,000	22,000	25,000
Asphalt	45,000	52,000	60,000
Fuel oil	205,000	236,000	275,000
Gas oil	160,000	185,000	215,000
Kerosene	115,000	125,000	145,000
Benzine	155,000	180,000	210,000
3. Dollar Value: (million U.S. $)			
Crude oil	$10 million	$24 million	

4. Source of Financing: (million U.S. $) — Jordan finances its own petroleum imports

5. Country of Origin:

Saudi Arabia via Tapline (all crude) (metric tons)	700,000	800,000	

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6. Pipeline: (tons) (under contract or L/C, not yet delivered) — Unknown -- depends on serviceability of Tapline

7. Stocks:
(tons)

	Current (as of mid-1973)
Crude	43,000
Refined products	187,000
(of which aviation gas)	3,000

8. Landed Cost Price:
(per ton - U.S. $)

	April 1972	Current (as of Oct. 16, 1973)
Crude price per barrel	2.74	5.11

9. Retail Prices: (Data not available)

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10. Short Narrative:

a) What actions are being taken to reduce POL requirements?

b) If shortages occur, what is the area (or areas) most severely effected?

c) Financing problems.

d) Refinery capacity in country, if any.

a) [redacted] 25X1

25X1 [redacted] The Trans-Arabian Pipeline remains intact; Jordanian bound crude flows unimpeded.

b) No shortages are likely to occur. If shortages did develop, the civilian sector would most probably feel the effects of any cutbacks first.

c) None.

d) The Jordanians operate one refinery at Az Zarqa which is rated at 15,000 barrels per day and supplies most of Jordan's refined product needs. The refinery's capacity is to be expanded. Jordan plans to increase its domestic refining capacity to 60,000 barrels per day annually. This expansion is in line with projected internal petroleum requirements.

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23 November 1973